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Total Number of Pages in This Submission: 7

Application Number	10/614,940
Filing Date	7/7/2003
First Named Inventor	Mitchell
Art Unit	1645
Examiner Name	
Attorney Docket Number	690-004

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ENCLOSURES (Check all that apply)

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- [ ] Information Disclosure Statement
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- [ ] Reply to Missing Parts/ Incomplete Application
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- [ ] Drawing(s)
- [ ] Licensing-related Papers
- [ ] Petition
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- [ ] Power of Attorney, Revocation Change of Correspondence Address
- [ ] Terminal Disclaimer
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- [ ] Proprietary Information
- [ ] Status Letter
- [x] Other Enclosure(s) (please identify below):

Remarks

Supplement to Petition; signed court order from Delaware Chancery Court.

SIGNATURE OF APPLICANT, ATTORNEY, OR AGENT

Firm Name	The Halvorson Law Firm		
Signature			
Printed name	Kristofer E. Halvorson		
Date	6/2/2008	Reg. No.	39,211

CERTIFICATE OF TRANSMISSION/MAILING

I hereby certify that this correspondence is being facsimile transmitted to the USPTO or deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on the date shown below: 571-273-8300

Signature			
Typed or printed name	Kristofer E. Halvorson	Date	6/2/2008

7 Pages

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IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

CREATIVE RESEARCH MANUFACTURING,	)	
	)	
Plaintiff,	)	C.A. No. 1211-N
	)	
v.	)	
	)	
ADVANCED BIO-DELIVERY LLC and PHLO SYSTEM, INC.,	)	
	)	
	)	
Defendants.	)	

FINAL JUDGMENT AND ORDER

WHEREAS, by Order dated July 28, 2006, this Court granted, in part, plaintiff Creative Research Manufacturing's ("CRM") Renewed Motion for Default Judgment against Defendants Advanced Bio-Delivery LLC and Phlo System, Inc. ("Defendants"); and

WHEREAS, pursuant to the July 28, 2006 Order, the allegations of plaintiff's Verified Complaint were deemed true, established and proven and a declaration was issued stating that CRM was not and is not in default of its obligations under an Alliance and Services Agreement, dated as of November 15, 2001, entered into between plaintiff and Defendants and attached as Exhibit A to the Verified Complaint (the "Alliance Agreement"); and

WHEREAS, pursuant to Court of Chancery Rule 55(b), this Court ordered that further proceedings be held to "take up the remaining aspects of the proposed default judgment" including CRM's "entitlement to damages and any other relief that it seeks." *See* July 27, 2006 Tr. at 34-35. In addition, at that hearing, CRM was given leave to address its right to pre and post-judgment interest. *Id.* at 33-34; and

WHEREAS, on October 27, 2006, the Court conducted further proceedings (the "Rule 55 hearing"); and

WHEREAS, at the Rule 55 hearing the Court heard the testimony of Dr. Cheryl Mitchell, and accepted into evidence CRM Damages Exhibits (Nos. 1-7); and

WHEREAS, at the conclusion of the Rule 55 hearing, the Court requested additional legal support regarding the relief CRM seeks and a form of order; and

WHEREAS, having considered CRM's November 8, 2006 submission, now therefore,

IT IS HEREBY ORDERED that,

1. The Alliance Agreement is hereby rescinded, rendering the Alliance Agreement void *ab initio*.

2. Due to Defendants' breaches of the Alliance Agreement, and this Court's rescission of the Alliance Agreement, the following technology originally owned by CRM and provided and/or assigned by CRM or its employees in consideration of the Alliance Agreement ("CRM Provided Technology") is returned to CRM's title and possession as if it never left:

> Tapioca-based oral rehydration solutions containing salt liposomes; Tapioca-based oral rehdyration solutions containing salt liposomes and their use for sweat replacement, treatment of diarrhea, and rehydration; Method of manufacturing same; Method of manufacturing salt liposomes and their inclusion in oral rehydration solutions; Tapioca-based oral rehydration beverages containing salt liposomes having Sodium at 20mmol./liter (ORS20) for sweat replacement and sodium at 75mmol./liter (ORS75) for treatment of diarrhea; both liquid and powder formulations of same; Tapioca-based high complex carbohydrate oral rehydration solutions with liposomal salts; Salt encapsulated in either phosphatidylcholine ("PC") liposomes or polyenolphosphatidyl choline ("PPC") liposomes and method of manufacture;
>
> A pyridine free phosphate ester of Vitamin E ("VEP") and compositions related thereto; Sublingual sprays containing a pyridine free VEP/PC or VEP/PPC; Sublingual spray formulations containing a pyridine free VEP/PC or VEP/PPC; Commercially sterile VEP/PC or VEP/PPC liposomes; Solvent-free manufacture of VEP;

Caffeine encapsulated in phosphatidylcholine liposomes or polyenolphosphatidylcholine liposomes; Method of manufacture of caffeine/PC and Caffeine/PPC; Sublingual sprays containing liposomed caffeine; Beverages containing liposomed caffeine; Formulations of Sublinqual sprays and beverages containing caffeine or caffeine liposomes;

Commercially sterile liposomes and their method of manufacture; Food grade liposomes processing;

Modified pectin product liposomes – use in cancer treatment;

Inulin liposomes for use in diabetes treatment.

See CRM Damages Ex. 3 (¶¶ 25, 26, 29); Ex. 4 (Response Nos. 9, 21); Ex. 5.

3. The assignment by Inventors of Patent to Defendants for the ORS Liposomal patent, Patent Application No. 10/614,940 (200050008685) (the "Patent Application"), is rescinded and of no force or effect, and that neither Defendants nor any of their affiliates have any rights or interest in or with respect to the intellectual property covered by such patent or patent application. It is further declared that, as between the parties, any rights or interests with respect to the Patent Application and the underlying technology belong to CRM.

4. The Express Abandonment as filed by the Defendants and/or their employees and assigns on February 6, 2006 with respect to the Patent Application is deemed invalid *ab initio* as between the parties to this case.

5. Defendants are also hereby permanently and forever enjoined and prohibited from (a) filing any patent application relating to any technology developed by or received from CRM; (b) utilizing or referring to any technology developed by CRM under the Alliance Agreement; (c) utilizing or claiming any right or interest in any technology covered by any patent application or draft patent application provided by CRM to Defendants; and (d) making any reference

regarding an on-going business relationship with CRM, CRM's employees, or Dr. Cheryl R. Mitchell, including on any website controlled by Defendants.

6. CRM's 15% membership in ABD is returned to ABD.

7. Defendants, separately and collectively, breached their obligations under the Alliance Agreement entitling plaintiff CRM to damages in the amount of **$1,737,056.00.** That amount is the result of the following calculation: (1) **$1,899,371** (the cost of laboratory services CRM provided based on overhead expenses provided in 2002-2004 (*see* Ex. A to CRM's November 8, 2006 submission; CRM Damages Ex. 3 (¶¶ 22-24, 27-28); Ex. 4 (Response Nos. 7, 8, 12, 17, 21); Ex. 7); (2) **$62,685** (the actual costs and expenses CRM incurred with respect to the provision of ingredient product to, on behalf of, or for the benefit of, Defendants) (*see* CRM Damages Ex. 3 (¶ 39); Ex. 4 (Response No. 20); Ex. 6), less **$225,000**, the amount of the Minimum Distribution actually paid.

8. Defendants' counterclaims are dismissed with prejudice.

9. CRM is entitled to an award of damages to be paid by Defendants reflecting the amount of attorneys' fees and expenses it incurred to pursue this action in the amount of **$134,761.85.**

10. CRM is entitled to an award of post-judgment interest from the date judgment is entered to the date of payment pursuant to 6 *Del. C.* § 2301(a); the applicable post-judgment interest rate is 11.25% (the Federal Reserve discount rate of 6.25%, plus 5%).

11. Plaintiff is entitled to such other or further relief as the Court deems just and appropriate.

/s/ Donald F. Parsons, Jr.
Vice Chancellor

Dated: January 30th, 2007

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A TRUE COPY
ATTEST:
REGISTER IN CHANCERY
By /M. Lennon/

Court: DE Court of Chancery

Judge: Parsons, Donald F

File & Serve reviewed Transaction ID: 12865286

Current date: 1/30/2007

Case number: 1211-N

Case name: PARTIAL CONF ORDER FOR AFFIDAVITS Creative Research Manufacturing vs Advanced Bio Delivery LLC

For the reasons stated in the Memorandum Opinion issued today, the foregoing Final Judgment and Order is hereby GRANTED subject to the following modifications:

1. In para. 5(b) delete "or referring to";

2. Para. 7 is hereby stricken entirely and replaced with the following:

7. Defendants, separately and collectively, breached their obligations under the Alliance Agreement entitling plaintiff CRM to rescissory damages in the amound of $248,807.02. That amount is the result of the following calculation: (1) 411,102.02 (the cost of laboratory services CRM provided based on overhead expenses provided in 2002-2004) (see Ex. A to CRM's Nov. 8, 2006 submission; CRM Ex. 3 (paras. 22-24, 27-28); Ex. 4 (Resp. Nos. 7, 8, 12, 17, 21); Ex. 7); (2) $62,685 (the actual costs and expenses CRM incurred for the providing ingredient product to, on behalf of, or for the benefit of, Defendants) (see CRM Dam. Exs. 3, 4, 6; less $225,000, the minimum distribution paid.

/s/ Judge Donald F Parsons Jr